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ADOPTION OF THE REPORT OF THE COMMISSION ON ITS SEVENTEENTH SESSION

Draft report

Addendum

Rapporteur: Andrew G. BANGALI (Sierra Leone)

Chapter ___

Transnational corporations in South Africa

1. The Commission considered item 8 at its 7th meeting, on 15 April 1991. It had before it the following documents:

(a) Report prepared by the United Nations Centre on Transnational Corporations on transnational corporations in South Africa (E/C.10/1991/10);

(b) Report of the Secretary-General on transnational corporations with interests in South Africa (E/C.10/1991/11).

2. In introducing the item, the Executive Director of the Centre noted that the process of change in South Africa had finally begun. However, home country responsibilities remained relevant for the transition period, and international pressure was still needed. It was important to develop a menu of pressure points from which the international community could select by consensus in the appropriate United Nations body at the appropriate time. Moreover, the continuing and potential new activities of transnational corporations required international scrutiny. While most companies subscribed

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to the principle of corporate social responsibility, and many home countries and trade unions had established a variety of codes, those efforts needed to be critically reviewed. The Commission could help in the review process and in shaping a new code of conduct for transnational corporations in South Africa, aimed at structural change and development relevant to the needs of a united, non-racial and democratic society. In connection with the economic and development challenges that would face a future majority-led Government, he suggested that transnational corporations could help in the long term through, for example, management training and entrepreneurship development.

3. Concerning the responsibilities of the home countries of firms operating in South Africa, there was agreement among most delegations that sanctions and other restrictions had played a positive role in support of the internal struggle and in influencing the Government of South Africa to take steps to dismantle apartheid. One delegation noted that further efforts should be taken by the international community until profound and irreversible changes had occurred. Another delegation and a representative of a trade union organization urged that the international community maintain pressure. Another delegation noted that although its Government had maintained a large number of economic sanctions on the South African regime, it had recently eased its severe visa restrictions on South Africans to allow increased contacts with both the opposition and the Government of South Africa in order to contribute to a positive process of change.

4. Another delegation, speaking on behalf of a group of States, noted that while the complete dismantling of the apartheid system by peaceful means and the establishment of a united, non-racial and democratic South Africa remained the objective of those States' policies, the decision to lift the ban on new investments by those States had been taken in order to combat unemployment and improve economic and social conditions in South Africa. That group of States was taking steps to deal with the set of measures adopted in 1986 and had intensified positive measures in favour of the victims of apartheid. That delegation noted that reports from 241 companies from their countries with more than 91,000 black employees operating in South Africa had shown that those companies had promoted improved relations between employers and workers, had applied the principle of equal pay for equal work without regard to race and had continued to promote the training of black employees. It was added that a number of companies had further helped to encourage black businesses by awarding subcontracts or supply contracts.

5. With regard to the proposed repeal of the foundations of apartheid by the South African Government, one delegation noted that such legislation contained no mechanism for compensating dispossessed blacks. Moreover, that delegation noted that the previous year, the apartheid Government had begun denationalizing industries so as to ensure that any incoming multiracial Government would not have the levers of economic power that the present Government enjoyed. Those who had suffered under apartheid deserved to be compensated. The same delegation also noted that South African destabilization of the economies of countries members of the Southern African Development Coordination Conference (SADCC) was a factor that had impeded the efforts of SADCC to reduce trade with South Africa. Some $60 billion worth of

economic assets had been destroyed in the SADCC economies as a result of South African destabilization activities.

6. With regard to affirmative action on the part of transnational corporations, one delegation noted that its Government had announced, during the recent visit of Mr. Nelson Mandela, Deputy President of the African National Congress, to its country, the inclusion of black South African workers in training schemes it sponsored. An expert adviser added that the international community had a responsibility to help the underprivileged, unskilled and illiterate population to become part of the future economy of South Africa. Local participation in economic activities could be encouraged through a relaxation of rules and regulations governing small enterprises, where most unskilled and illiterate black people would probably be employed. The involvement of blacks would initially result in the slow-down of economic growth due to construction and reconstruction, but economic growth should involve both local and international investments, reform and restructuring.

7. Delegations commended the Centre for the objectivity and factual content of the report on transnational corporations in South Africa, as well as for the timeliness of its conclusions, which were in line with the evolving situation in South Africa. The added focus on prospective issues relating to the needs of the new South Africa was a logical extension of the Commission's consideration of the role of transnational corporations in South Africa. The international community could be expected to provide continued support to a majority-led South Africa, and the Commission and the Centre were expected to provide assistance in that regard. Several delegations stressed the importance of management training and human resource development as a long-term priority and recommended further study of the role of transnational corporations in training. One delegation expressed concern about the efforts of some transnational corporations to reinvest in South Africa and called upon the Centre to monitor those efforts.

Action taken by the Commission

8. The Commission took note of the report on transnational corporations in South Africa (E/C.10/1991/10) and the report of the Secretary-General on transnational corporations with interests in South Africa (E/C.10/1991/11).

9. The Commission requested the Centre to prepare, for its eighteenth session, a report on the activities of transnational corporations in South Africa, including an updated review of the responsibilities of home countries with respect to transnational corporations operating in South Africa, a critical review of the social responsibility programmes of such companies and any further results with respect to the feasibility study for a comprehensive training programme for black South Africans. The Commission also requested the Centre to update the list of transnational corporations with interests in South Africa, including companies that reinvested and the terms and conditions of such reinvestment.